

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

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Public Safety Services  
Department of Public Safety  
and Corrections  
Parish Municipal Motor Vehicle  
Sales and Use Tax Escrow Fund  
State of Louisiana  
Baton Rouge, Louisiana

June 24, 1998



***Financial and Compliance Audit Division***

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***Daniel G. Kyle, Ph.D., CPA, CFE  
Legislative Auditor***

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**LEGISLATIVE AUDITOR**

**Daniel G. Kyle, Ph.D., CPA, CFE**

**DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT**

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**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Baton Rouge, Louisiana**

**Financial Statements and Independent Auditor's Reports  
As of December 31, 1997, and for the Period from  
January 1, 1997, through December 31, 1997  
With Supplemental Information Schedule**

**Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.**

**June 24, 1998**



**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA**

Financial Statements and Independent Auditor's Reports  
As of December 31, 1997, and for the Period from  
January 1, 1997, through December 31, 1997  
With Supplemental Information Schedule

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DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (504) 339-3800  
FACSIMILE: (504) 339-3870

June 3, 1998

Independent Auditor's Report  
on the Financial Statements

**COLONEL WILLIAM R. WHITTINGTON**  
**PUBLIC SAFETY SERVICES**  
**DEPARTMENT OF PUBLIC SAFETY**  
**AND CORRECTIONS**  
**PARISH AND MUNICIPAL MOTOR VEHICLE**  
**SALES AND USE TAX ESCROW FUND**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund, an agency fund within the Louisiana Department of Public Safety and Corrections, Public Safety Services, as of December 31, 1997, and the related statement of collections, distributions, and unsettled balances for the period from January 1, 1997, through December 31, 1997, as listed in the foregoing table of contents. These financial statements are the responsibility of management of Public Safety Services. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the director of Public Safety Services serves as collector and distributor of parish and municipal motor vehicle sales and use taxes. As such, the accompanying statements present information only on the activities of the collector of motor vehicle sales and use taxes included in the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund, an agency fund within the Louisiana Department of Public Safety and Corrections, Public Safety Services. Furthermore, the accompanying statements have been prepared on the basis of cash receipts and cash disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.



LEGISLATIVE AUDITOR

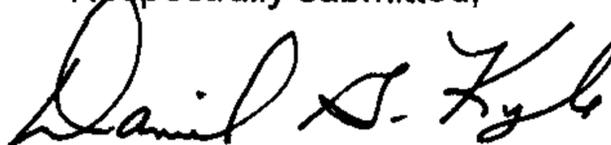
COLONGEL WILLIAM R. WHITTINGTON  
PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Audit Report, December 31, 1997

In our opinion, the accompanying financial statements referred to previously present fairly, in all material respects, the assets and liabilities arising from cash transactions of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund of Public Safety Services as of December 31, 1997, and the collections, distributions, and unsettled balances of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund for the period from January 1, 1997, through December 31, 1997, on the cash basis of accounting described in note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 3, 1998, on our consideration of the Parish and Municipal Sales and Use Tax Escrow Fund's internal control over financial reporting and our tests of its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the accompanying financial statements. The accompanying supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund of Public Safety Services. Such information has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

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**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA**

**Statement of Assets and Liabilities Arising  
from Cash Transactions, December 31, 1997**

**ASSETS**

Cash (note 2)

\$15,394,697

**LIABILITIES**

Due to taxing bodies and others

\$15,394,697

The accompanying notes are an integral part of this statement.

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**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
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PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA**

**Statement of Collections, Distributions,  
and Unsettled Balances  
For the Period from January 1, 1997,  
through December 31, 1997**

|   |                                   |
|---|-----------------------------------|
| <b>UNSETTLED BALANCES AT JANUARY 1, 1997</b>  | <b>\$20,955,716</b>               |
| <b>COLLECTIONS</b>  | <b>244,826,082</b>                |
| <b>DISTRIBUTIONS (Schedule 1)</b>   | <b><u>250,387,101</u></b>         |
| <b>UNSETTLED BALANCES AT DECEMBER 31, 1997,<br/>DUE TO TAXING BODIES AND OTHERS</b> | <b><u><u>\$15,394,697</u></u></b> |

The accompanying notes are an integral part of this statement.

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**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
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PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA**

Notes to the Financial Statements  
As of December 31, 1997, and for the Period from  
January 1, 1997, through December 31, 1997

**INTRODUCTION**

As provided by Louisiana Revised Statute (R.S.) 47:531, the director of Public Safety Services is designated as vehicle commissioner of the state. The vehicle commissioner is responsible for the collection and distribution of parish and municipal motor vehicle sales and use taxes, as well as the administration and enforcement of the "Vehicle Registration License Tax" under the provisions of Chapter 4 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund is established to reflect the collections imposed by law, distributions pursuant to such law, and unsettled balances due various taxing bodies and others. The accompanying financial statements have been prepared on the cash basis of accounting with collections recognized when received and distributions reflected when paid. As such, the accompanying financial statements do not reflect the receivables and related payables associated with tax collection activities.

**B. REPORTING ENTITY**

R.S. 47:303(B)(3)(b)(iii) requires the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund to be audited annually. Accordingly, the accompanying financial statements reflect financial activity of Public Safety Services relating only to the vehicle commissioner's responsibility as collector and distributor of parish and municipal motor vehicle sales and use taxes. Amounts included in these financial statements are also included in the Department of Public Safety and Corrections, Public Safety Services' annual fiscal report.

**2. CASH**

At December 31, 1997, the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund has cash (book balance) totaling \$15,394,697. State law requires that all collections be deposited in the state treasury. Cash balances held and controlled by the state treasurer are secured from risk by the state treasurer through separate custodial agreements, and the risk

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STATE OF LOUISIANA  
Notes to the Financial Statements (Concluded)**

disclosures required by generally accepted accounting principles are included within the state's general purpose financial statements.

**3. SUBSEQUENT EVENTS**

On April 14, 1998, the Supreme Court of Louisiana issued a judgment upholding the Nineteenth Judicial District Court's decision that declared R.S. 47:303(B)(3)(a) and (b)(i) unconstitutional. These statutes require that local tax collectors use the Vehicle Commissioner of the Office of Motor Vehicles as their agent to collect local motor vehicle sales and use taxes. The Caddo-Shreveport Sales and Use Tax Commission, the central collector of taxes for Caddo Parish, filed suit for a declaratory judgment asserting that it was being unconstitutionally prohibited from collecting locally levied sales and use tax on motor vehicles by the operation of R.S. 47:303. The lower court found in favor of the Caddo-Shreveport Sales and Use Tax Commission, and the Supreme Court upheld the lower court's decision. The judgment becomes final on April 28, 1998. Therefore, after April 28, the legislature cannot require that the Office of Motor Vehicles collect local taxes against the wishes of the central tax collector of any parish or to designate a collection agent for the Commission. This ruling could effectively eliminate all parish and municipality tax collections and distributions made currently by the Office of Motor Vehicles.

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PARISH AND MUNICIPAL MOTOR VEHICLE  
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SUPPLEMENTAL INFORMATION SCHEDULE  
For the Period from January 1, 1997,  
to December 31, 1997**

**SCHEDULE OF DISTRIBUTIONS**

Schedule 1 reflects the distributions of parish and municipal motor vehicle sales and use taxes to the various taxing authorities during the period from January 1, 1997, to December 31, 1997.



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DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
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SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA**

**Schedule of Distributions  
For the Period from January 1, 1997,  
to December 31, 1997**

|   |             |
|---|-------------|
| Public Safety Services - collection costs   | \$2,502,946 |
| Office of Legislative Auditor - audit costs | 26,400      |

**TAXING AUTHORITY**

**Acadia Parish:**

|  |           |
|--|-----------|
| Acadia Parish School Board                 | 853,183   |
| Acadia Parish Police Jury                  | 1,202,910 |
| Law Enforcement District--Parish of Acadia | 278,327   |
| City of Crowley                            | 287,525   |
| Town of Church Point                       | 51,323    |
| Village of Estherwood                      | 6,996     |
| Town of Iota                               | 34,998    |
| Village of Morse                           | 8,670     |
| City of Rayne                              | 167,973   |
| Village of Mermentau                       | 10,065    |
| City of Eunice                             | 18,445    |

**Allen Parish:**

|   |         |
|---|---------|
| Allen Parish Sales and Use Tax            | 657,500 |
| Allen Parish School Board and Police Jury | 230,123 |
| City of Oakdale                           | 75,868  |
| Town of Oberlin                           | 23,238  |
| Town of Elizabeth                         | 8,859   |
| Town of Kinder                            | 37,538  |

**Ascension Parish:**

|   |           |
|---|-----------|
| Ascension Parish School Board             | 2,601,025 |
| Ascension Parish Police Jury              | 1,011,529 |
| Ascension Parish Sales Tax District No. 2 | 505,764   |
| City of Donaldsonville                    | 150,377   |
| City of Gonzales                          | 294,718   |
| West Ascension Hospital Service District  | 74,332    |
| East Ascension Drainage District No. 1    | 574,927   |
| Town of Sorrento                          | 26,916    |

**Assumption Parish:**

|  |         |
|--|---------|
| Assumption Parish School Board               | 771,284 |
| Assumption Parish Police Jury                | 308,510 |
| Assumption Parish Road and Drainage District | 293,114 |
| Village of Napoleonville                     | 15,403  |

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Schedule of Distributions  
For the Period from January 1, 1997,  
to December 31, 1997**

**TAXING AUTHORITY (CONT.)**

**Avoyelles Parish:**

|                                    |           |
|------------------------------------|-----------|
| Avoyelles Parish School Board      | \$783,097 |
| Avoyelles Parish Police Jury       | 522,064   |
| Avoyelles Law Enforcement District | 261,030   |
| Town of Cottonport                 | 20,365    |
| City of Bunkie                     | 58,066    |
| Village of Plaquemine              | 2,963     |
| Village of Moreauville             | 13,057    |
| City of Marksville                 | 89,877    |
| Town of Simmesport                 | 31,326    |
| Town of Mansura                    | 12,517    |

**Beauregard Parish:**

|  |           |
|--|-----------|
| Beauregard Parish School Board             | 1,058,691 |
| Beauregard Parish Police Jury              | 800,028   |
| Beauregard Parish Law Enforcement District | 133,770   |
| City of DeRidder                           | 247,184   |
| Town of Merryville                         | 34,392    |

**Bienville Parish:**

|                               |         |
|-------------------------------|---------|
| Bienville Parish School Board | 472,971 |
| Bienville Parish Police Jury  | 236,484 |
| Town of Ringgold              | 31,358  |
| Town of Arcadia               | 57,716  |
| Town of Gibsland              | 13,463  |
| Village of Castor             | 4,439   |

**Bossier Parish:**

|                             |           |
|-----------------------------|-----------|
| Bossier Parish School Board | 2,271,025 |
| Bossier Parish Police Jury  | 844,649   |
| City of Bossier City        | 2,042,184 |
| Town of Plain Dealing       | 39,386    |
| Town of Benton              | 88,876    |
| Town of Haughton            | 190,057   |
| City of Shreveport          | 6,349     |

**Caddo Parish:**

|                                       |           |
|---------------------------------------|-----------|
| Caddo Parish School Board             | 5,149,590 |
| Caddo Parish Sales Tax District No. 1 | 1,131,655 |
| Caddo Parish Law Enforcement District | 858,264   |

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**PUBLIC SAFETY SERVICES  
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PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
For the Period from January 1, 1997,  
to December 31, 1997**

**TAXING AUTHORITY (CONT.)**

|   |           |
|---|-----------|
| Caddo Parish: (Cont.)                       |           |
| Town of Oil City                            | \$13,429  |
| Town of Vivian                              | 93,454    |
| City of Shreveport                          | 6,581,319 |
| Town of Mooringsport                        | 15,399    |
| Town of Greenwood                           | 29,196    |
| Village of Rodessa                          | 2,577     |
| Town of Blanchard                           | 3,212     |
| Calcasieu Parish:                           |           |
| Calcasieu Parish School Board               | 4,732,195 |
| Calcasieu Law Enforcement District          | 788,698   |
| Calcasieu Parish Sales Tax District No. 1   | 1,619,764 |
| Calcasieu Parish Sales Tax District No. 2   | 1,577,396 |
| City of Lake Charles                        | 2,232,306 |
| City of Sulphur                             | 876,556   |
| Town of Iowa                                | 68,611    |
| City of DeQuincy                            | 112,226   |
| City of Westlake                            | 184,108   |
| Town of Vinton                              | 84,755    |
| Calcasieu Parish School Board Tax           | 589,870   |
| Calcasieu Parish Police Jury Tax            | 1,839,421 |
| Caldwell Parish:                            |           |
| Caldwell Parish School Board                | 291,298   |
| Caldwell Parish Police Jury                 | 510,998   |
| Town of Columbia                            | 9,674     |
| Catahoula Parish:                           |           |
| Catahoula Parish School Board               | 339,294   |
| Catahoula Parish Police Jury                | 339,294   |
| Claiborne Parish:                           |           |
| Claiborne Parish School Board               | 449,716   |
| Claiborne Parish School Board - Police Jury | 156,756   |
| Town of Haynesville                         | 86,476    |
| Town of Homer                               | 77,055    |
| Village of Junction City                    | 1,165     |

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DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
For the Period from January 1, 1997,  
to December 31, 1997**

**TAXING AUTHORITY (CONT.)**

|   |           |
|---|-----------|
| <b>Concordia Parish:</b>  |           |
| Concordia Parish School Board   | \$598,314 |
| Concordia Parish Police Jury  | 197,460   |
| Concordia Parish Hospital   | 74,797    |
| Town of Vidalia   | 100,423   |
| Town of Ferriday  | 60,841    |
| <b>DeSoto Parish:</b>   |           |
| DeSoto Parish School Board  | 786,519   |
| DeSoto Parish Police Jury   | 393,259   |
| Town of Logansport  | 18,245    |
| City of Mansfield   | 72,695    |
| Town of Stonewall   | 24,306    |
| Village of South Mansfield  | 3,096     |
| Village of Grand Cane   | 1,965     |
| <b>East Baton Rouge Parish:</b>   |           |
| East Baton Rouge Parish   | 2,584,688 |
| East Baton Rouge Parish School Board  | 6,159,301 |
| East Baton Rouge Parish Sewer District  | 3,079,649 |
| East Baton Rouge Parish Streets   | 3,079,649 |
| City of Baton Rouge   | 8,864,546 |
| City of Baker   | 449,837   |
| City of Zachary   | 419,931   |
| <b>East Carroll Parish:</b>   |           |
| East Carroll Parish School Board  | 231,514   |
| East Carroll Parish Police Jury   | 115,755   |
| Town of Lake Providence   | 44,628    |
| <b>East Feliciana Parish - East Feliciana Parish<br/>School Board and Police Jury</b> |           |
|   | 1,195,298 |
| <b>Evangeline Parish:</b>   |           |
| Evangeline Parish School Board - Tax Department                                       | 487,530   |
| Evangeline Parish School Board - Waste Tax  | 478,397   |
| Town of Ville Platte  | 118,708   |
| Town of Basile  | 26,559    |
| Town of Mamou   | 59,842    |
| Village of Pine Prairie   | 17,226    |

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DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
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Schedule of Distributions  
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**TAXING AUTHORITY (CONT.)**

**Evangeline Parish: (Cont.)**

|                         |         |
|-------------------------|---------|
| Village of Chataignier  | \$3,304 |
| Village of Turkey Creek | 3,311   |

**Franklin Parish:**

|  |         |
|--|---------|
| Franklin Parish School Board             | 478,271 |
| Franklin Parish Police Jury              | 478,271 |
| Franklin Parish Law Enforcement District | 318,846 |
| Town of Winnsboro                        | 50,152  |
| Town of Wisner                           | 10,982  |
| Village of Gilbert                       | 6,204   |

**Grant Parish:**

|                              |         |
|------------------------------|---------|
| Grant Parish School Board    | 300,818 |
| Grant Parish Police Jury     | 300,818 |
| Grant Parish Law Enforcement | 300,818 |
| Town of Colfax               | 21,497  |
| Town of Pollock              | 4,793   |
| Village of Georgetown        | 3,138   |

**Iberia Parish:**

|   |           |
|---|-----------|
| Iberia Parish School Board                | 2,264,425 |
| Iberia Parish Council                     | 328,006   |
| Iberia Parish Council District No. 2      | 182,111   |
| Iberia Parish Council - Mosquito District | 283,051   |
| Town of Delcambre                         | 8,440     |
| City of New Iberia                        | 706,496   |
| City of Jeanerette                        | 82,292    |
| Village of Loreauville                    | 13,588    |

**Iberville Parish:**

|   |         |
|---|---------|
| Iberville Parish Police Jury                | 477,256 |
| Iberville Parish School Board               | 792,220 |
| Iberville Parish Police Jury - General Fund | 314,961 |
| Iberville Parish Solid Waste                | 157,488 |
| Town of St. Gabriel                         | 5,334   |

**Jackson Parish:**

|                             |         |
|-----------------------------|---------|
| Jackson Parish School Board | 526,333 |
| Jackson Parish Police Jury  | 142,266 |
| Jackson Parish Sales Tax    | 94,855  |

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PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
For the Period from January 1, 1997,  
to December 31, 1997**

**TAXING AUTHORITY (CONT.)**

|  |            |
|--|------------|
| Jackson Parish: (Cont.)                      |            |
| Town of Jonesboro                            | \$85,967   |
| Village of Hodge                             | 11,350     |
| Village of East Hodge                        | 901        |
| Village of North Hodge                       | 1,698      |
| Town of Eros                                 | 1,520      |
| Jefferson Parish:                            |            |
| Jefferson Parish Council                     | 19,631,551 |
| Jefferson Parish School Board                | 9,815,773  |
| Jefferson Parish Law Enforcement District    | 1,635,959  |
| Jefferson Davis Parish:                      |            |
| Jefferson Davis Parish School Board          | 1,009,806  |
| Town of Welsh                                | 92,921     |
| Town of Elton                                | 30,657     |
| City of Jennings                             | 281,428    |
| Town of Lake Arthur                          | 86,394     |
| Town of Fenton                               | 2,940      |
| Lafayette Parish:                            |            |
| Lafayette Parish School Board - Tax Division | 3,761,886  |
| Lafayette Parish School Board - Bonds        | 1,880,942  |
| City of Lafayette                            | 4,094,504  |
| Town of Duson                                | 70,086     |
| City of Carencro                             | 167,763    |
| Town of Youngsville                          | 107,504    |
| Town of Scott                                | 214,561    |
| Lafayette Parish Police Jury                 | 1,267,666  |
| Town of Broussard                            | 209,013    |
| Lafourche Parish:                            |            |
| Lafourche Parish School Board                | 2,762,071  |
| Lafourche Parish School Board - Solid Waste  | 843,600    |
| Lafourche Parish Sales Tax District          | 954,345    |
| City of Thibodaux                            | 351,698    |
| Town of Lockport                             | 41,135     |
| Town of Golden Meadow                        | 30,180     |

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**TAXING AUTHORITY (CONT.)**

**LaSalle Parish:**

|                             |           |
|-----------------------------|-----------|
| LaSalle Parish School Board | \$588,279 |
| Town of Jena                | 47,817    |
| Town of Olla                | 21,395    |

**Lincoln Parish:**

|                             |         |
|-----------------------------|---------|
| Lincoln Parish School Board | 878,847 |
| Lincoln Parish Police Jury  | 439,422 |
| City of Ruston              | 385,288 |
| Town of Dubach              | 10,094  |
| Town of Grambling           | 40,644  |

**Livingston Parish:**

|  |           |
|--|-----------|
| Livingston Parish School Board - Sales Tax         | 2,899,294 |
| Livingston Parish School Board - Law Enforcement   | 724,822   |
| Livingston Parish School Board - Special Sales Tax | 677,092   |
| Livingston Parish Road Maintenance                 | 184,964   |
| City of Denham Springs                             | 294,776   |
| Town of Livingston                                 | 27,878    |
| Town of Walker                                     | 86,642    |
| Village of Albany                                  | 6,797     |
| Town of Springfield                                | 11,144    |
| Livingston Parish Gravity Drainage District No. 1  | 101,324   |
| Livingston Parish Gravity Drainage District No. 5  | 60,900    |
| Livingston Parish Gravity Drainage District No. 2  | 71        |

**Madison Parish:**

|                               |         |
|-------------------------------|---------|
| Madison Parish Sales Tax Fund | 258,247 |
| Madison Parish Police Jury    | 86,092  |
| City of Tallulah              | 156,751 |
| Village of Richmond           | 12,247  |

**Morehouse Parish:**

|                                    |         |
|------------------------------------|---------|
| Morehouse Parish School Board      | 609,507 |
| Morehouse Parish Police Jury       | 570,739 |
| Morehouse Law Enforcement District | 203,167 |
| City of Bastrop                    | 208,370 |
| Village of Mer Rouge               | 13,833  |
| Village of Bonita                  | 1,911   |
| Village of Collinston              | 1,337   |

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**PUBLIC SAFETY SERVICES  
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**TAXING AUTHORITY (CONT.)**

**Natchitoches Parish:**

|                                  |           |
|----------------------------------|-----------|
| Natchitoches Parish School Board | \$781,400 |
| Natchitoches Parish Police Jury  | 365,114   |
| City of Natchitoches             | 389,910   |
| Town of Campti                   | 11,196    |
| Village of Robeline              | 2,934     |
| Village of Clarence              | 2,976     |
| Village of Natchez               | 2,153     |

**Orleans Parish:**

|  |           |
|--|-----------|
| Orleans Parish School Board            | 5,624,805 |
| City of New Orleans                    | 9,374,677 |
| New Orleans Regional Transit Authority | 3,749,870 |

**Ouachita Parish:**

|                                       |           |
|---------------------------------------|-----------|
| Ouachita Parish - Monroe City Schools | 1,893,565 |
| Ouachita Parish Police Jury           | 1,347,045 |
| Ouachita Parish Fire Protection       | 1,347,093 |
| Ouachita Parish School Board          | 1,567,089 |
| City of Monroe                        | 2,616,505 |
| City of West Monroe                   | 551,032   |
| Town of Sterlington                   | 15,358    |
| Town of Richwood                      | 3,670     |

**Plaquemines Parish:**

|                                 |           |
|---------------------------------|-----------|
| Plaquemines Parish School Board | 569,882   |
| Plaquemines Parish Council      | 1,139,764 |

**Pointe Coupee Parish:**

|                                     |         |
|-------------------------------------|---------|
| Pointe Coupee Parish School Board   | 388,815 |
| Pointe Coupee Parish Sales Tax Fund | 623,566 |
| City of New Roads                   | 62,558  |
| Village of Morganza                 | 9,009   |
| Town of Livonia                     | 17,024  |
| Village of Fordoche                 | 14,106  |

**Rapides Parish:**

|                                   |           |
|-----------------------------------|-----------|
| Rapides Parish Sales Tax Fund     | 1,882,620 |
| Rapides Parish Sales Tax District | 600,766   |
| Rapides Parish School Board       | 1,882,619 |
| Rapides Parish (City) Sales Tax   | 1,002,525 |

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**TAXING AUTHORITY (CONT.)**

## Rapides Parish: (Cont.)

|                            |           |
|----------------------------|-----------|
| Rapides Parish (Pineville) | \$359,611 |
| City of Glenmora           | 20,794    |
| Town of Lecompte           | 13,995    |
| Rapides Sales Tax - Ball   | 22,376    |
| Rapides Sales Tax - Boyce  | 9,337     |
| Village of Woodworth       | 703       |

## Red River Parish:

|   |         |
|---|---------|
| Red River Parish School Board             | 263,219 |
| Red River Parish Police Jury              | 131,609 |
| Red River Parish Law Enforcement District | 131,609 |
| Town of Coushatta                         | 18,253  |
| Village of Hall Summit                    | 3,108   |

## Richland Parish:

|  |         |
|--|---------|
| Richland Parish School Board             | 403,360 |
| Richland Parish Police Jury              | 403,360 |
| Richland Parish Law Enforcement District | 134,451 |
| Town of Rayville                         | 45,872  |
| Town of Mangham                          | 5,521   |
| Town of Delhi                            | 42,714  |

## Sabine Parish:

|                                 |         |
|---------------------------------|---------|
| Sabine Parish School Board      | 446,891 |
| Sabine Parish Police Jury       | 446,891 |
| Sabine Law Enforcement District | 111,721 |
| Town of Many                    | 30,916  |
| Town of Pleasant Hill           | 6,913   |
| Village of Florien              | 8,271   |
| Town of Zwolle                  | 28,195  |
| Village of Converse             | 7,727   |

## St. Bernard Parish:

|   |           |
|---|-----------|
| St. Bernard Parish Sales Tax Department | 2,872,531 |
| St. Bernard Parish Police Jury          | 410,360   |
| St. Bernard Law Enforcement District    | 410,360   |

## St. Charles Parish:

|                                 |           |
|---------------------------------|-----------|
| St. Charles Parish School Board | 1,528,618 |
| St. Charles Parish Council      | 1,528,618 |

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**PUBLIC SAFETY SERVICES  
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**TAXING AUTHORITY (CONT.)**

|  |           |
|--|-----------|
| <b>St. Helena Parish:</b>                |           |
| St. Helena Parish School Board           | \$180,645 |
| St. Helena Parish Police Jury            | 260,159   |
| Town of Greensburg                       | 13,524    |
| <b>St. James Parish:</b>                 |           |
| St. James Parish School Board            | 609,790   |
| St. James Parish Council - Gramercy      | 266,003   |
| St. James Parish Council - Lutcher       | 18,291    |
| St. James Parish Council                 | 20,604    |
| <b>St. John the Baptist Parish:</b>      |           |
| St. John the Baptist Parish              | 1,147,424 |
| St. John the Baptist Parish Council      | 573,711   |
| St. John the Baptist Sewerage District   | 573,711   |
| <b>St. Landry Parish:</b>                |           |
| St. Landry Parish School Board           | 1,112,159 |
| St. Landry Parish Solid Waste Commission | 889,727   |
| City of Opelousas                        | 277,753   |
| Town of Arnaudville                      | 27,323    |
| City of Eunice                           | 218,629   |
| Town of Sunset                           | 24,041    |
| Town of Port Barre                       | 47,520    |
| Village of Cankton                       | 3,024     |
| Town of Grand Couteau                    | 7,161     |
| Town of Krotz Springs                    | 15,167    |
| Town of Washington                       | 11,914    |
| Town of Melville                         | 19,095    |
| <b>St. Martin Parish:</b>                |           |
| St. Martin Parish School Board           | 1,531,438 |
| Town of Arnaudville                      | 5,304     |
| City of Breaux Bridge                    | 108,808   |
| Town of Henderson                        | 7,858     |
| City of St. Martinville                  | 78,386    |
| Village of Parks                         | 7,731     |
| <b>St. Mary Parish:</b>                  |           |
| St. Mary Parish Police Jury              | 1,621,192 |
| St. Mary Parish School Board             | 1,343,273 |

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**PUBLIC SAFETY SERVICES  
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**TAXING AUTHORITY (CONT.)**

|   |           |
|---|-----------|
| St. Mary Parish: (Cont.)                      |           |
| Morgan City                                   | \$78,613  |
| St. Mary Parish - Wards 5 and 8               | 70,179    |
| St. Mary Parish - Wards 1, 2, 3, 4, 7, and 10 | 81,792    |
| St. Mary Parish Sales - 6 and 9               | 17,407    |
| St. Tammany Parish:                           |           |
| St. Tammany Parish School Board               | 6,264,149 |
| St. Tammany Parish Council                    | 4,323,053 |
| St. Tammany Parish Law Enforcement District   | 783,017   |
| City of Covington                             | 338,790   |
| Town of Abita Springs                         | 40,580    |
| Village of Folsom                             | 46,903    |
| Town of Madisonville                          | 43,372    |
| City of Mandeville                            | 705,057   |
| Town of Pearl River                           | 50,808    |
| City of Slidell                               | 861,183   |
| Village of Sun                                | 5,906     |
| Tangipahoa Parish:                            |           |
| Tangipahoa Parish School Board and Council    | 2,875,965 |
| Tangipahoa Parish Sales and Use Taxes         | 1,437,758 |
| Town of Amite City                            | 81,270    |
| City of Hammond                               | 367,694   |
| Town of Independence                          | 38,337    |
| City of Ponchatoula                           | 140,224   |
| Town of Roseland                              | 18,916    |
| Town of Kentwood                              | 52,955    |
| Village of Tangipahoa                         | 6,258     |
| Village of Tickfaw                            | 11,675    |
| Tensas Parish:                                |           |
| Tensas Parish School Board                    | 92,593    |
| Tensas Parish Police Jury                     | 204,157   |
| Tensas Parish Law Enforcement District        | 23,149    |
| Town of Newellton                             | 9,524     |
| Town of St. Joseph                            | 12,039    |

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**TAXING AUTHORITY (CONT.)**

**Terrebonne Parish:**

|  |             |
|--|-------------|
| Terrebonne Parish - Sales Tax Fund 1 Percent   | \$2,520,333 |
| Terrebonne Parish - Sales Tax Fund 3/4 Percent | 2,940,497   |
| Terrebonne Parish - Sales Tax Fund 1/4 Percent | 420,053     |
| Terrebonne Parish Sales Tax Fund               | 485,741     |

**Union Parish:**

|                                       |         |
|---------------------------------------|---------|
| Union Parish School Board             | 397,888 |
| Union Parish Police Jury              | 397,888 |
| Union Parish Law Enforcement District | 198,943 |
| Town of Farmerville                   | 40,022  |
| Town of Bernice                       | 30,207  |
| Town of Marion                        | 12,034  |
| Junction City                         | 3,613   |

**Vermilion Parish:**

|                               |           |
|-------------------------------|-----------|
| Vermilion Parish School Board | 889,684   |
| Vermilion Parish Police Jury  | 1,334,528 |
| Vermilion Parish Sheriff      | 222,419   |
| City of Abbeville             | 150,412   |
| Town of Delcambre             | 15,205    |
| Town of Erath                 | 30,872    |
| City of Kaplan                | 63,078    |
| Village of Maurice            | 16,038    |
| Town of Gueydan               | 24,308    |

**Vernon Parish:**

|                            |           |
|----------------------------|-----------|
| Vernon Parish School Board | 1,378,644 |
| Vernon Parish Police Jury  | 1,033,981 |
| City of Leesville          | 62,644    |
| Town of Rosepine           | 12,217    |
| Town of New Llano          | 18,969    |
| Town of Hornbeck           | 4,533     |

**Washington Parish:**

|                                     |         |
|-------------------------------------|---------|
| Washington Parish School Board      | 669,910 |
| Bogalusa School Board               | 333,492 |
| Washington Parish Police Jury       | 472,074 |
| Washington Law Enforcement District | 303,174 |
| Town of Franklinton                 | 54,326  |

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**TAXING AUTHORITY (CONT.)**

**Washington Parish: (Cont.)**

|                    |           |
|--------------------|-----------|
| City of Bogalusa   | \$403,257 |
| Village of Angie   | 10,258    |
| Village of Varnado | 514       |

**Webster Parish:**

|                             |           |
|-----------------------------|-----------|
| Webster Parish School Board | 1,687,700 |
| City of Minden              | 285,502   |
| Cotton Valley               | 11,881    |
| City of Springhill          | 172,078   |
| Town of Cullen              | 19,572    |
| Village of Sarepta          | 13,851    |
| Town of Sibley              | 27,354    |
| Village of Dixie Inn        | 5,514     |

**West Baton Rouge Parish:**

|  |         |
|--|---------|
| West Baton Rouge Parish Police Jury                | 554,827 |
| West Baton Rouge Parish School Board               | 369,883 |
| West Baton Rouge Parish - Sales Tax District No. 1 | 369,883 |
| West Baton Rouge Parish Fire District No. 1        | 184,940 |

**West Carroll Parish:**

|  |         |
|--|---------|
| West Carroll Parish School Board                 | 188,474 |
| West Carroll Parish School Board and Police Jury | 544,875 |
| Town of Oak Grove                                | 24,116  |

**West Feliciana Parish:**

|   |         |
|---|---------|
| West Feliciana Parish School Board                            | 302,912 |
| West Feliciana Parish School Board and Police Jury            | 151,454 |
| West Feliciana Parish School Board - Sales Tax District No. 1 | 111,479 |
| Town of St. Francisville                                      | 40,371  |

**Winn Parish:**

|                          |         |
|--------------------------|---------|
| Winn Parish School Board | 560,294 |
| Winn Parish Police Jury  | 140,071 |
| City of Winnfield        | 91,346  |

**Total Distributions**

**\$250,387,101**

(Concluded)

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**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and on internal controls as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.





DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (504) 339-3800  
FACSIMILE: (504) 339-3870

June 3, 1998

Report on Compliance and on Internal Control Over Financial  
Reporting Based on an Audit of the Financial Statements

**COLONEL WILLIAM R. WHITTINGTON  
PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Baton Rouge, Louisiana**

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund, an agency fund within the Louisiana Department of Public Safety and Corrections, Public Safety Services, as of December 31, 1997, and the related statement of collections, distributions, and unsettled balances for the period from January 1, 1997, through December 31, 1997, and have issued our report thereon dated June 3, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund's financial statements are free of material misstatement, we performed tests of the department's compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the department's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over

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financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the department's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the following paragraphs.

### **Incomplete Vehicle Application Forms**

For the eighth consecutive year, the Office of Motor Vehicles processed incomplete application forms for vehicle registration. The assessment and distribution of motor vehicle sales tax is based on the domicile of the taxpayer purchasing the motor vehicle. The taxpayer's residence, including whether the taxpayer lives within the corporate limits of a municipality, determines the taxing authority entitled to the avails of the motor vehicle sales tax. Based on that information, the Office of Motor Vehicles assigns the domicile code for each parish and municipality.

During 1997, the office processed 807,499 motor vehicle applications and collected \$244,826,082 in parish and municipality taxes. Testing of 230 items from this population, representing \$38,287 in parish and municipality tax collections, disclosed 19 incomplete vehicle application forms (8% exception rate) that were accepted and processed by the office. Although the exception rate has been significantly lowered from previous years, this is still an unacceptable error rate.

The incomplete vehicle application forms, which may have been prepared by vehicle dealers, financial institutions, or Office of Motor Vehicles' operators, either failed to identify the taxpayer's residence as being inside or outside of the corporate limits of the municipality, failed to identify the taxpayer's parish of residence, or showed a post office box as the address with no reference to a physical address. One sample item had no vehicle application on file.

When vehicle application forms are not completed properly, employees of the office are not equipped with the necessary data needed to provide reasonable assurance that all domicile codes are assigned correctly. This increases the possibility that taxes could be improperly assessed or distributed to the wrong taxing authority.

Incomplete vehicle application forms should be returned to the taxpayer, and fees should be held by the office in a suspense status until the form is completed properly by the taxpayer or his representative. Each taxing authority should be required to furnish the office with an

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updated list of streets within its boundaries to ensure proper domicile coding, a process which could be automated by the office. In a letter dated June 3, 1998, Mr. Thomas H. Normile, Undersecretary, concurred with the finding and responded as follows:

The Office of Motor Vehicles significantly reduced the error rate from 22 percent to 8 percent by additional training of employees. Steps to reduce the turnover rate of employees have also been taken by having legislation passed to allow funding of an upgrade of the motor vehicle officers who process applications. Since some of the errors came from work processed by Public Tag Agents, additional training will be given to emphasize the importance of complete applications. Until such time as all parishes/municipalities are able to provide listings of the roads and streets that fall within their respective jurisdictions, it will remain impossible to ensure that the proper taxes are collected. The budget cut of 33 motor vehicle officer positions will hamper any increase of in-house audits on applications processed statewide.

**Nonpayment of Local Taxes**

The Office of Motor Vehicles, though not statutorily or administratively responsible for detecting the misrepresentations by taxpayers, has not taken reasonable precautions to determine that taxpayers are paying the correct amount of taxes to the correct taxing body. The assessment of motor vehicle sales tax is based on the domicile of the taxpayer purchasing the motor vehicle. That domicile determines which taxing authority is entitled to the avails of the tax. Louisiana Revised Statute 47:301 states that the sale of a motor vehicle subject to the motor vehicle sales tax shall be considered sold in the political subdivision of the principal residence of the purchaser if purchased for private use, or in the political subdivision of the principal location of the business or where the vehicle is assigned, garaged, and used if purchased for commercial use.

As part of our audit tests, a sample of Cameron Parish transactions was examined, since it is the only parish in the state with no local sales tax. Cameron Parish is surrounded by the parishes of Acadia, Calcasieu, Jefferson Davis, and Vermilion, which have local tax rates ranging from 2% to 5%. The Cameron Parish transactions tested were determined to be of high risk of incorrect registration. Our review of 109 of the 2,949 total transactions representing \$2,646,411 of the \$28,190,599 total taxable value of all Cameron Parish transactions disclosed the following:

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- Fourteen registration applications (13%) showed the taxpayers' address as inside Cameron Parish. Other evidence obtained by the auditor indicates that the taxpayers actually live in Calcasieu Parish.
- Three registration applications (3%) showed the taxpayers' address as inside Calcasieu Parish. Other evidence obtained by the auditor confirms that the taxpayers do live in Calcasieu Parish.
- One registration application (1%) had no parish of residence noted on the application. Other evidence obtained by the auditor indicates that the taxpayer actually lives in Calcasieu Parish.
- Two registration applications (2%) were for motor homes that were physically inside Cameron Parish, registered by taxpayers living in other parishes (Calcasieu and Jefferson Davis).

Taxpayers who incorrectly report their domicile as Cameron Parish avoid paying local sales taxes, preventing the Office of Motor Vehicles, on behalf of the respective political subdivision, from collecting and distributing the proper amount of taxes. Taxpayers who knowingly disclose inaccurate domiciliary information on motor vehicle applications to avoid the payment of taxes do so illegally, as does the person who knowingly processes the inaccurate application form.

To improve the department's collection and distribution of parish and municipal sales and use tax, the department should verify that the address on the motor vehicle application corresponds to the address of the applicant's domicile. Any noted differences should be treated as any other error, and the evidence for any exceptions should be documented in the application file. In a letter dated June 3, 1998, Mr. Thomas H. Normile, Undersecretary, concurred with the finding and recommendation and indicated that in-house audits will be done on all files processed showing a Cameron Parish address and if discrepancies are found, the taxpayer will be requested to submit additional documentation to prove that his residence is in Cameron Parish. Additional training of department personnel will also continue.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over

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financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable conditions described previously are not material weaknesses.

This report is intended for the information and use of the Department of Public Safety and Corrections and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

MMG:THC:dl

[VEHTAX]

